

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

RECEIVED

RE: COMPLAINT OF US LEC OF
TENNESSEE, INC. AGAINST
ELECTRIC POWER BOARD OF
CHATTANOOGA

Docket No.: 02-00562

02 SEP 20 PM 2 15

TN REGULATORY AUTHORITY
DOCKET ROOM

US LEC OF TENNESSEE, INC.'S RESPONSE TO
ELECTRIC POWER BOARD OF CHATTANOOGA'S FIRST INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS

INTERROGATORIES AND REQUESTS FOR PRODUCTION OF DOCUMENTS

1. Please identify the date when US LEC of Tennessee, Inc. received a certificate of convenience and necessity from the TRA.

Response: Sept. 18, 1997 (TRA Docket No. 97-00387).

2. Please identify each and every document relating to the Complaint and/or the matters at issue in the Complaint.

Response: US LEC objects to this question on the grounds that it is vague, overly broad, and burdensome. Notwithstanding that objection, US LEC is aware of no such documents other than (1) privileged communications between counsel and employees of US LEC, (2) communications within US LEC for the purpose of gathering information in response to this data request and (3) documents that were attached to the complaint and are attached to this response.

3. In Paragraph 6 of the Complaint, US LEC contends that the Telecommunications Division of EPB often shortens its name to "EPB." Please state each and every fact, identify

each and every document, and identify each and every person with knowledge relating to this contention.

Response: See attached article "Strike Up The Bandwidth" describing why the Chattanooga Electric Power Board changed its name to "EPB." See also attached articles on MetroNet in which EPB and EPB Telecom are used interchangeably. See also Responses to Questions 4 and 5.

4. In Paragraph 6 of the Complaint, US LEC contends that on at least one occasion "executives of the Telecommunications Division have represented to potential customers that EPB Telecommunications 'has been around for 70 years'". Please state each and every fact, identify each and every document, and identify each and every person with knowledge relating to this contention.

Response: In addition to the attached materials from EPB's web site, US LEC is aware of the following incidents:

Cornerstone Bank, current US LEC customer, advised US LEC representatives Mike Moeller and Tom Francescon recently that he was going to EPB since they have been around for 70 years and won't run out of money and go bankrupt. CFO of Cornerstone Bank, Frank Hughes stated that EPB Telecom told him that "EPB Power is funding the company indefinitely".

Hixson Utility District, current US LEC customer, solicited bids from telecom vendors on 05/10/01. The choice was narrowed to three vendors (BTI, EPB and US LEC). US LEC sales representative, Tom Francescon attended the sales presentation of the vendors. During the presentation of EPB Telecom, Hixson Utility District asked the question to EPB "How long have you been in business?" Beth McCleary, (Director of Sales for EPB) responded "over 70 years". Jerry Turner, (General Manager of Hixson Utility District) specifically asked Ms. McCleary about the telecom entity of EPB. Ms. McCleary responded "approximately two years."

Pointer Management Company, an existing EPB customer, advised US LEC sales representative, Tom Francescon that the decision to go with EPB during the proposal process from March 2001 thru June 4, 2001 was based on the fact that EPB stressed to Pointer Management Company that EPB had been in business "over 70 years".

Siskin Foundation, current EPB customer, advised US LEC sales representative, Tom Francescon, that EPB repeatedly pointed out to Siskin Foundation that they had been in business "over 70 years".

Brainerd Baptist, current US LEC customer, advised sales representative, Hunter Lindsey in the Fall 2001, that EPB stated to them that they had been "around for 70 years".

Kenco Group, current US LEC customer, advised US LEC sales representative, Hunter Lindsey in June 2001, that EPB stated to them that "Our long term plan is to get off of BellSouth's ring and onto EPB's ring". "They have got the fiber and the resources."

Healthcare Strategies, current EPB customer, advised US LEC sales representative, Hunter Lindsey in July 2002 that they decided to go with EPB because they have been around a long time and it's "The Power Board, so they are not going away".

Chattanooga Shooting Supply, current EPB customer, advised US LEC sales representative, Hunter Lindsey, in August 2002, that they decided to go with EPB because EPB advised Chattanooga Shooting Supply that "They had deep pockets and trucks and they seem to be more dependable".

In February 2002, Mike Moeller and sales representative Keith Collins with US LEC talked with Louis Savard with EPB Telecom at the Chattanooga Chamber of Commerce. (Mr. Savard at that time was an Account Executive with EPB and currently is a Sales Manager). Mr. Savard indicated at that time when calling customers EPB employees would say "we are with EPB" and that statement would get them in the customer's door. The employees would not distinguish between the Electric side and the Telecom side.

5. In Paragraph 6 of the Complaint, US LEC contends that EPB Telecommunications has made "repeated, sometimes inaccurate statements, about the relationship between the telecommunications and electric divisions" of EPB. Please state each

and every fact, identify each and every document, and identify each and every person with knowledge relating to this contention.

Response: See Response to Question 4. In addition see the materials attached to the Complaint and this Response.

6. Please state each and every fact, identify each and every document and identify each and every person with knowledge relating to the contentions in the first sentence of Paragraph 7 of the Complaint.

Response: There are no such individuals or documents at US LEC. US LEC is attempting to obtain information about this issue from EPB through discovery.

7. On page 2 of US LEC's Response to Motion to Dismiss, US LEC contends that "EPB intentionally presents its electric and telephone operations as intertwined." Please state each and every fact, identify each and every document, and identify each and every person with knowledge relating to this contention.

Response: See Responses to Questions 3, 4, and 5 and the attached documents.

8. On page 3 of US LEC's Response to Motion to Dismiss, US LEC contends that "EPB may have engaged in discrimination and cross-subsidization by allowing its telecommunications division - but not other carriers - to use the electric company's building access to facilities." Please state each and every fact, identify each and every document, and identify each and every person with knowledge relating to this contention.

Response: See Response to Question 6.

9. Does US LEC contend that EPB's Electric Division has denied US LEC access to building entrance facilities and/or rights-of-way? If so, please state each and every fact, identify

each and every document, and identify each and every person with knowledge relating to your contention.

Response: No. EPB Telecom has, however, refused to consider US LEC's August 22, 2002, request for interconnection. See attached copies of email correspondence.

10. Does US LEC contend that EPB's Electric Division has denied one or more telecommunications carriers access to building entrance facilities and/or rights-of-way? If so, please state each and every fact, identify each and every document, and identify each and every person with knowledge relating to your contention.

Response: US LEC has insufficient knowledge to respond to this question.

11. Please describe in detail each and every arrangement by which US LEC, directly or indirectly, obtains building access to serve its customers in Hamilton County, Tennessee.

Response: US LEC objects to this question as irrelevant. This case is a complaint proceeding in which US LEC has alleged that EPB has acted in violation of the terms and conditions of the carriers' certificate and engaged in anti-competitive and discriminatory activities. This is not a lawsuit. US LEC is not seeking damages and is not required to demonstrate the extent to which US LEC, or any other competitor, has suffered or will suffer financial harm as a result of EPB's actions. The manner in which US LEC conducts, or plans to conduct, its operations in Hamilton County has nothing to do with whether or not EPB has engaged in the type of conduct alleged in the complaint. The only apparent purpose of this question, as well as the questions 12 through 22, is to require US LEC to disclose confidential, commercially sensitive information and to burden the carrier with needless litigation expenses.

12. Please identify each and every building or other location in Hamilton County, Tennessee where US LEC currently has or since January 1, 2001 has had one or more customers; and for each such building or location, describe in detail US LEC's building access arrangements.

Response: See Response to question 11.

13. Has US LEC ever requested, but been denied, building access to install facilities in Hamilton County, Tennessee? If so, please describe each and every denial in detail, identify each and every document relating to such denial and identify each and every person with knowledge relating to such denial.

Response: See Response to question 11.

14. Does US LEC own or operate any fiber optic and/or any other transport facilities in Hamilton County, Tennessee? If so, please describe those facilities in detail, identify each and every system map and/or other drawing relating to the location of such facilities, and describe in detail each and every building access arrangement for such facilities.

Response: See Response to question 11.

15. Does US LEC plan to own or operate fiber optic and/or other transport facilities in Hamilton County, Tennessee within the next year? If so, please describe such plans in detail and identify each and every document relating to such plans.

Response: See Response to question 11.

16. Does US LEC plan, at any time in the future, to own or operate fiber and/or other transport facilities in Hamilton County, Tennessee? If so, please describe such plans in detail and identify each and every document relating to such plans.

Response: See Response to question 11.

17. Please describe in detail each and every transport or other arrangement that provides connectivity between one or more customers of US LEC and US LEC's switch in Hamilton County, Tennessee.

Response: See Response to question 11.

18. Please state whether US LEC is considering or anticipates modifying or supplementing the arrangements described in Interrogatory and Request for Production No. 17. If so, please describe in detail each and every modified or supplemental arrangement that US LEC (a) has considered since January 1, 2001; (b) is presently considering; and/or (c) anticipates considering.

Response: See Response to question 11.

19. Please identify each and every incumbent local exchange carrier, competitive local exchange carrier, other carrier and/or other person providing all or any portion of the transport services identified in Interrogatory and Request for Production No. 17 and describe in detail (a) the service(s) that each such carrier and/or person is providing; and (b) the material terms and conditions, including without limitation, price and contract term, of each such arrangement.

Response: See Response to question 11.

20. Please identify each and every incumbent local exchange carrier, competitive local exchange carrier, other carrier and/or other person that US LEC is considering to have provide all or any portion of the transport services identified in Interrogatory and Request for Production No. 18 and describe in detail (a) the service(s) that each such carrier and/or person has agreed to provide; (b) the service(s) that each such carrier and/or person may provide; and (c) the material terms and conditions, including without limitation, price and contract term, of each and every arrangement entered into, considered or under consideration.

Response: See Response to question 11.

21. Please identify each and every US LEC proposal to present or prospective customers, marketing materials and any other documents that reference EPB, EPB's Electric Division, EPB's Telecommunications Division and/or relate to EPB Telecommunications' provision of telecommunications service.

Response: See Response to question 11.

22. Please identify each and every document relating to US LEC's communications with present or former customers of EPB Telecommunications.

Response: See response to question 11.

23. Please identify each and every person with knowledge of matters relating to the Complaint and identify each and every document relating to US LEC's consideration of filing a complaint against EPB, EPB's Electric Division, or EPB's Telecommunications Division.

Response: US LEC employees were involved in the preparation of this complaint.

Those employees included Wanda Montano, Vice President of Regulatory and Industry

Affairs, Shane Turley, Deputy Corporate Counsel, as well as other employees in the US LEC Chattanooga sales office. Any documents produced were produced for this litigation and are privileged.

24. For each of the foregoing requests, please identify each and every person, other than counsel of record in this proceeding, who participated in any way in preparing US LEC's responses.

Response: See Response to Question 23.

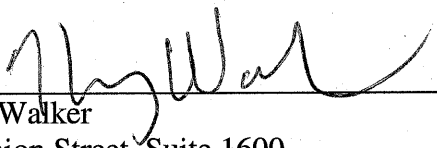
25. Please produce each and every document identified in your responses to the foregoing Interrogatories and Requests for Production of Documents.

Response: Attached.

Respectfully submitted,

BOULT, CUMMINGS, CONNERS & BERRY, PLC

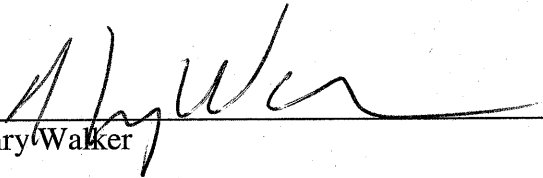
By: _____


Henry Walker
414 Union Street, Suite 1600
P.O. Box 198062
Nashville, Tennessee 37219
(615) 252-2363

Attorneys for US LEC of Tennessee, Inc.

CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the foregoing has been forwarded to the following via First Class U.S. Mail on this the 20 day of September, 2002.


Henry Walker

BEFORE THE TENNESSEE REGULATORY AUTHORITY
NASHVILLE, TENNESSEE

RE: COMPLAINT OF US LEC OF
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Docket No.: 02-00562

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02 SEP 20 PM 2 44
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US LEC OF TENNESSEE, INC.'S RESPONSE TO
ELECTRIC POWER BOARD OF CHATTANOOGA'S FIRST INTERROGATORIES
AND REQUESTS FOR PRODUCTION OF DOCUMENTS

ATTACHMENTS

<<
>> -----Original Message-----
>> From: Bill Chapman [SMTP:Chapmanwe@epb.net]
>> Sent: Monday, September 09, 2002 12:55 PM
>> To: sthall@uslec.com
>> Subject: Re: US LEC connectivity
>>
>> Steve,
>>
>>
>> I have reviewed your request and do not believe that it would be
> feasible
>> for EPB Telecommunications to provide these services. The services
> you
>> outlined would require a substantial capital outlay on EPB
>> Telecommunications' part, and I simply don't have that money in my
> budget.
>> While I haven't run the exact numbers, even if we did have the money,
> I
>> don't think that we would be able to provide competitively priced
>> wholesale services.
>>
>>
>>
>> If US LEC wants to consider its own facilities-based build out, let

> me
> > know, and I will put you in touch with someone with responsibility
> for
> > EPB's electric system overhead and underground facilities.
> >
> >
> >
> > Thanks,
> >
> > Bill
> >
> >
> >
> >
> > >>> "Hall, Stephen" <sthall@uslec.com> 09/04/02 03:09PM >>>
> > Bill,
> > Do you have any feedback regarding US LEC and EPB establishing
> > connectivity
> > in Chattanooga per my previous email below?
> > Let me know. Thanks.
> >
> > Steve Hall
> > US LEC
> > CAP/IXC Manager
> > 704-319-1129 office
> > 704-602-1129 fax
> > sthall@uslec.com
> >
> > > -----Original Message-----
> > > From: Hall, Stephen
> > > Sent: Thursday, August 22, 2002 9:02 AM
> > > To: 'Bill Chapman'
> > > Subject: US LEC connectivity
> > >
> > > Bill,
> > > US LEC would like access to EPB's building and fiber network in
> > > Chattanooga.
> > > To accomplish this we need two items, 1) to have a meet (connect)
> > point
> > > between the USLEC equipment (C.O.) and EPB's fiber ring. 2) Pricing
> > for
> > > leased DS-1 level services from the customers building demarc to
> > the
> > USLEC
> > > meet point with EPB.
> > >
> > > Let me know what you think.
> > >
> > > Thanks
> > > Steve Hall
> > > US LEC
> > > CAP/IXC Manager
> > > 704-319-1129 office
> > > 704-602-1129 fax
> > > sthall@uslec.com

>>>
>>> -----Original Message-----
>>> From: Bill Chapman [SMTP:Chapmanwe@epb.net]
>>> Sent: Friday, August 16, 2002 5:31 PM
>>> To: sthall@uslec.com
>>> Subject: Voice Mail
>>>
>>> Steve,
>>>
>>> Thanks for your voice mail concerning US LEC's interest in
> exploring
>>> business arrangements with EPB Telecommunications. Please send
> me a
>>> specific description of the arrangements that you are looking for,
> and I
>>> will forward it on to our technical people for review.
>>>
>>> Sorry for the late reply, but I was actually in the hospital
> earlier
>>> this
>>> week dealing with some ongoing back problems.
>>>
>>> Bill
>>>
>>
>
>
>
>
> *****
> *
> CONFIDENTIALITY NOTICE: This e-mail and any attachments
> are confidential and may also be privileged. If you are not the
> named recipient, please notify the sender immediately and
> delete the contents of this message without disclosing the
> contents to anyone, using them for any purpose, or storing or
> copying the information on any medium.
> *****
> *
>

CC: "Montano, Wanda" <wmontano@uslec.com>



volume 1:2 spring 2000

Through Tech Talk

by Dr. Greg Sedrick

Strike Up The Bandwidth

'Who ya gonna call?' 'Who's on first?'

Have an existing business or intend to build one? You need to consider the next wave of technology that will be focused on *device integration*. You and your customers currently use several different appliances to access the Internet and television and radio programs. Ultimately, one appliance will do it all. It's just around the corner.

Likewise, the many sources of information and entertainment will be reduced dramatically, made possible not only by technology but also by the Telecommunications Act of 1996. The act begins: The goal of this new law is to let anyone enter any communications business - to let any communications business compete in any market against any other.(1)

This law was passed to stimulate competition. And so a scramble now is under way.

Even before the Act became law, it generated local interest and - interestingly - opposition. The City of Chattanooga, concerned that potential providers would tear up roads and easements to lay fiber and cable, passed a resolution opposing the Act.(2)

Despite these efforts, the Act did pass and has been undergoing further interpretation via local implementation laws. While the final impact is not completely known, it is resulting in a mix of new players. The growth of consumer desire for these services and the resulting potential profit have created new ventures, new partnerships and new competitors. *The rush is to expand the bandwidth to the consumer. Why?*

Bandwidth is the magic that brings digital information from one place to another. The larger the bandwidth, the faster signals can travel. Services utilizing video require the large amounts of bandwidth that can travel to your home and business via copper and aluminum cable, in light pulses through fiber optic cable and through the air in microwave or standard radio/cellular

signals. Hence the new competitors are those that have current access to these bandwidth carriers. Who are they?

Technological advances now have immediate and reverberating impacts on market responses. The AOL(3) Time Warner merger and the Microsoft judgment are two good examples. The local players no doubt change their strategy on a day-to-day basis.

Here is a listing of the local players and what they might be offering you.

1. BELLSOUTH - www.bellsouth.com standard and cellular phone service. Existing infrastructure via phone lines and microwave cell towers to reach nearly all our region's homes and businesses provides access to business and offers on-demand video service in Atlanta, Jacksonville, Orlando and New Orleans. Look soon for Chattanooga!
2. CDC - www.cdc.net Internet Service Provider (ISP) in business locally for many years. CDC has experience and an existing customer base in Internet services.
3. Chattanooga On-Line - www.chattanooga.net This ISP has been on line locally the longest and is host to the majority of current Chattanooga web sites. COL has experience in the business and an existing customer base; it will continue to partner with others to deliver this service to your site.
4. COMCAST - comcast.com Provides local cable TV and some digital music service. In other regions, Comcast also provides Internet services and telephone. This multibillion-dollar company specializes in broad bandwidth applications; it has expressed an interest in expanding locally.
5. EPB - www.epb.net Formerly known as the Electric Power Board, EPB is expanding services from electric utilities to telecommunications including Internet and telephone service. EPB officially reduced its name to three call letters to reflect this new business strategy. It has an advantage of possessing existing connections to all area residential and commercial facilities through its power lines. These power lines can carry bandwidth to supply more than electrical power. EPB already offers cable broadcasting services. Look to EBP to partner with one or several other firms to expand offerings.
6. NEXTLEC - www.nextlec.net "LEC" stands for Local Exchange Carrier. This new local firm is one of 11 LECs in the country. It has been investing heavily in 'dark fiber', fiber optics that are currently not in use but will allow for immediate expandability. Offering a full range of services (Internet, telecommunications and on-demand video), NextLec can deliver large bandwidth capacity. It needs to partner with another player to deliver to your site. They are up and running strong.

Some of these providers may merge; some may fold. The competition

is hot! Ironically, some of those who partner will be competitors for some other services.

How much bandwidth do you require? Streaming video requires a large amount of bandwidth and span of services. That's why Chattanooga State has a partnership with NextLec. A dynamic eCommerce site has similar requirements. Simple communication systems need much less. If you are unsure of your needs, visit Bill Gates' companion site for his text: *Business @ The Speed of Thought* (www.speedofthought.com) or *The Clickable Corporation* by business consulting firm Arthur Andersen (www.arthurandersen.com/clickable).

(1) www.fcc.gov/telecom.html

and

www1.whitehouse.gov/WH/EOP/OP/telecom/summary.html

(2) www.chattanooga.gov/OrdReso/Resolutions%201996/20876BillProtestTele

(3) America Online

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MetroNet rewrites business plan after objections

By DAVE FLESSNER
BUSINESS EDITOR

Chattanooga's attempt to jump in the fast lane of the information superhighway may need a slightly different vehicle.

But organizers of the proposed high-speed, low-cost internet service known as MetroNet insist the carrier still making shape should soon help propel Chattanooga's economic

development.
"It's evolved some in the past few months, but I'm more excited about MetroNet than I have ever been," Chattanooga Mayor Bob Corker said Friday.

Mayor Corker is trying to capitalize on the city's abundant fiber line connections to offer downtown businesses high-speed data connections at the cheapest rates in the country.

But Mr. Corker's "digital vision" has been criticized by telecommunication rivals and modified some by state regulators and internet service providers.

In response, EPB officials said Friday they may drop the ban on other Internet Service Providers reselling its high-speed, low-cost MetroNet link.

"We're looking at all of our options and carefully consider-

ing the comments we have received," EPB Chairman Joe Ferguson said.

The EPB board decided to delay any decision on MetroNet until at least next month to consider revisions in its original business plan. The proposal submitted to the state by EPB initially proposed that other Internet firms could not use the high-speed fiber connection to resell

to their customers.
But EPB is developing a new model to allow any Internet provider to gain access to the high-speed link that MetroNet will gain through a Gigabit Ethernet — or Gig-E — line to Atlanta.

"I think MetroNet was created in a kind of vacuum without

See METRONET, Page C2

Work flees Dura for Mexico, Canada

150 people will lose jobs at Pikeville auto parts factory this summer

By MIKE PARE
STAFF WRITER

Dura Automotive Systems, a Pikeville, Tenn., car parts maker, plans to cut about 150 jobs because of the loss of contracts to competitors with plants in Mexico and Canada, a company official said Friday.

"It's really going to hurt," said Pikeville Mayor Howard Little about the job losses at the city's largest manufacturer.

Phil Rasnick, the plant's human resources manager, said

about 120 workers have been notified they'll lose their jobs in August. Another 30 job cuts will take place about a month later, he said.

The layoffs, which include manufacturing as well as salaried positions, will leave the plant with a little less than 200 employees, said Mr. Rasnick.

In 1999, the facility had about 485 employees making the devices which raise and lower vehicle windows. The plant also makes car seat recliners.

Mr. Rasnick said there is some discussion about other business that can be moved to the Pikeville plant.

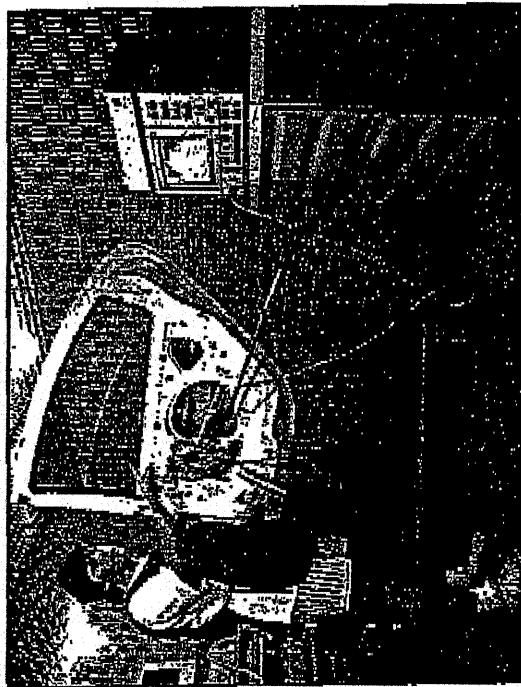
"We're hopeful. We just don't know," he said.

Mr. Rasnick said the layoffs are solely the result of job contract losses to competitors.

"The business will be going to plants in Mexico and Canada," he said.

Bledsoe County had been

See DURA, Page C5



SPACE BUS PHOTO BY JESS GUNSTICKER

Technician Paulene Dotson demonstrates how the level of noise generated by the window regulator's motor is measured by a digital frequency analyzer in Dura's sound lab.

gins laying off 17,000 workers around world; 'Unfortunately, they lied'

65 countries.

WorldCom revealed Tuesday that its internal auditors had found that \$3.8 billion was wrongly listed on its books as

Maryland, 500 in Colorado and 450 in Georgia. In other states, the numbers ranged from a few up to a few hundred. WorldCom's 2,000 employees in Mis-

WorldCom's largest employment base — about 9,000 — is in the Washington, D.C., area, where MCI Communications had its headquarters and where

workers in Maryland.

WorldCom spokesman Peter Lucht said the layoffs would take effect within six weeks to six months.

In Tulsa, Okla. WorldCom

Business Calendar

of Local Interest

Chamber Events

North Chattanooga Chamber: Luncheon meeting noon Tuesday at Town & Country Restaurant, 110 N. Market St. Speaker is Gretchen Castleberry of the American Heart Association. Cost is \$8.

Seminars

How to Start Your Own Business: University of Georgia/Small Business Administration seminar from 6 p.m. to 8 p.m. Monday, July 8, at Northwestern Technical College in Rock Spring, Ga. Cost is \$30 per person, discounted to \$25 each for couples. Prospective participants may register by calling (706) 764-1591.

Business Advice: Free business help is available from members of SCORE (Service Corps of Retired Executives) from 9 a.m. to 1 p.m. every Monday through Friday at the Columbus Federal Building, 900 Georgia Ave. For information, call 752-5190 or e-mail to core.cha.in@mindspring.com.

Business Counseling: Free
Business counseling is available from the Chattanooga Small Business Development Center at 100 Cherokee Blvd., Suite 202. Hours are 8 a.m. to 5 p.m. Monday through Thursday and 8 a.m. to 4:30 p.m. on Fridays. For more information to make an appointment, call 756-8668.

Leading firms back Atlanta's gay rally

MetroNet: Rewrites business plan

Continued from Page C1

● Continued from Page C1

a lot of outside input, and now there seems to be a change in direction and heart to make it a better system, which we think is great," said Mike Harrison, president of Chattanooga Online, the oldest and biggest Internet service provider in the city. "MetroNet done right should be like the public street that runs by your house and everyone can use. In its original proposal, MetroNet was

MetroNet is a nonprofit venture formed by the city and supported by the city, UTC,ativerCity Co. and Covista Communications Chairman Henry Hoken. EPB will operate the network through a new Internet division, provided the EPB

The city also could place the issue on the ballot for a public referendum under the options outlined in Tennessee's enabling law for municipal telecommu-

EPB Telecommunications
lost \$3.5 million last year and

expects to lose \$2.8 million this year. After another \$2.1 million loss next year, EPB expects its phone business to turn a profit in fiscal 2003-2004, Mr. DePriest said.

E-mail Dave Flessner at dflessner@timesfreepress.com

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Breaking News

May 23, 2002

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Mayor Launches MetroNet High-Speed Data Service BellSouth Says New Group Unfairly Competes

posted May 16, 2002

Mayor Bob Corker announced a major development in his digital vision for the city of Chattanooga today - a new high-speed Internet connection operated as a non-profit public-private entity.

MetroNet will provide super-speed Gigabit Ethernet (Gig-E) connection to the Internet for businesses in the downtown and Southside, the mayor said at a news conference at City Hall.

MetroNet is a venture by Mayor Corker's office and EPB, "bringing state-of-the-art, Gig-E service to businesses in Chattanooga."

He said MetroNet's Gig-E service will provide businesses with nearly six times greater speed than what is currently available in the Chattanooga market (via DSL or T1 lines). Gig-E service is currently available only in about 20 major cities nationwide, including New York, Chicago, Dallas and Washington, D.C., it was stated.

There was criticism of the move by Patsy Hazlewood, BellSouth district manager, who said it unfairly competes with the private sector.

She attended the press conference and spoke up at one move, saying BellSouth and others already offer Gig-E service in Chattanooga.

Mayor Corker said the new service will offer much lower prices and be a strong economic development tool for the city. He said, "For us to have all these assets and not use them for the benefit of taxpayers



Photo by John Wilson
Mayor Bob Corker introduces MetroNet. Also shown are Harold DePriest, Joe Ferguson, Bill Chapman and Jay Garner. Click to enlarge all our photos.

COMPUTER
NETWORK
PROBLEMS

KELLY
Catalytic / SAAB
SUBARU

DECOSIMO
FINANCIAL & TAX SERVICE
756-7100 decosimo.com

James
NUDEAN
TECHNICAL KEYST

e@siliconwaters.net

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• Customer Service
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http://www.pampergarner.com

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and the community would be a shame."

Ms. Hazlewood, who is also a Chamber of Commerce leader, said the new group can offer lower prices because it is "subsidized."

The mayor said officials of MetroNet are in talks with another data firm, U.S. Lec on possibilities he said could benefit the private firm.

Mayor Corker said, "MetroNet's connections immediately advance Chattanooga's broadband capabilities years ahead of other cities our size. MetroNet is a major economic recruiting tool that will attract out-of-town businesses to Chattanooga, as well as increase business productivity for existing companies in our city."

Officials said MetroNet's low-cost broadband connection "is the result of a unique public-private partnership aimed at stimulating economic growth through technology. Capitalizing on the abundant amount of fiber optics available in Chattanooga, Mayor Corker's digital vision for the City has been built upon by EPB. Originally, EPB provided the city with a fiber optic network circling the central business district and agreed to connect business customers in these targeted locations for economic development purposes."

Chattanooga-headquartered CoVista and its chairman, Henry Luken, have made significant contributions to the venture, including the donation of switching devices to be installed inside customer buildings, the provision of support services and seed capital, it was stated. Mr. Luken was at the press conference and is on the board of the new group.

The mayor's office said that together with the seed capital from UTC and economic development organizations, the City has significantly reduced the expense of connecting businesses to the fiber optic ring, often known as "the last mile."

The City of Chattanooga, Chamber of Commerce and River City Company "will feature MetroNet as a selling point for attracting out-of-town businesses that rely on large amounts of broadband access and yield high-tech jobs. Now fiber optics and MetroNet's broadband access service are more accessible and cost-effective for businesses with large computing or digital needs wishing to capitalize on the benefits of these technologies," the mayor's office said.

"Fiber optic lines throughout the country are going unused and lying dormant," said EPB Board of Directors Chairman, Joe Ferguson. "Through MetroNet, Chattanooga is able to capitalize on the fiber resources and expertise that EPB has in place to make our City more attractive to the types of companies we would like to recruit to do business here."

MetroNet will offer its super-speed Gig-E connectivity service at rates that are approximately 50 percent less than other services currently available in Chattanooga. Through MetroNet, businesses that compute large amounts of data and digital images are provided service at more than six times the speed of a T-1 connection. Local Internet providers will be able to offer value-added services to MetroNet customers, including website hosting and design, e-mail,

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and security, a press release said.

Amy Walker Cherry of the mayor's office said the group hopes to line up five major firms and 79 smaller ones in its first year.

She said it is not for every company, but will especially help firms that deal with a lot of data at high speed, including web hosting companies.

Mr. Luken said the line will be able to move data "the same speed in both directions."

Chattanooga as the only city of its size in America competitive with major technology hubs like Austin, Silicon Valley, Boston, and Atlanta, it was stated.

"Through the great partnership with EPB and Henry Luken, we now can use MetroNet as an economic tool to draw businesses that are looking for a presence in the Southeast to our city, especially technology companies," Mayor Corker added. "These companies bring with them great, high-paying jobs for citizens of our community."

MetroNet is a non-profit organization offering 10 Mbps connectivity at \$425 per month and 100 Mbps connectivity at \$4,000 per month. It is governed by a Board of Directors consisting of Mayor Corker, Ms. Cherry, Mr. Luken, Harold DePriest, Bill Chapman, Dr. Bill Stacy, Donna Williams, Matt Huggins, Kim O'Leary, Billie Queen, Dr. Thomas Zacharia and Dr. Linda Fletcher.

The service is expected to be available to companies along its service area in the downtown business district in July.

For more information call 423-648-MNET (6638) or visit MetroNet online at www.chattanoogametro.net.



Photo by John Wilson
Patsy Hazlewood meets the press after mayor's news conference.

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BusinessNews

Survival of the Fittest - EPB Telecommunications' 2nd Year Monday, July 16, 2001

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Starting a new business has never been easy – and in the often fly-by-night, dot.com-minded world of the new economy, keeping a start-up alive is more challenging than ever. Locally, high levels of competition within the telecommunications market alone have created high turnover and buy-out rates among smaller start-ups. So as EPB Telecommunications reaches its first year of business and its first million dollars in revenues, the company has much to celebrate.

“Competition in this area is much higher than in most cities of comparable size,” says EPB Telecommunications Senior Vice President Bill Chapman. “A lot of that is due to our proximity to Atlanta, and the fact that we’re sitting right in the midst of an extremely fast-growing region. Last year Chattanooga was named as one of the top fifty cities for attracting new business. It’s this kind of economic growth that is creating greater need for additional telecommunications service options – and in turn creating greater competition among providers,” he explains.

EPB Telecommunications’ growth, which includes a staffing increase of twenty-eight and a customer base that expands by an average of 70 each month, not to mention the existing 700 customers and 4,700 lines already in service, has everything to do with its combination of strong customer relations and highly-competitive product. “When we launched last year, the small and medium size business community was more than ready for telecommunications services designed specifically to cater to their needs,” says Chapman. “The one thing we hear time and again from our customers is how much they appreciate – and enjoy – knowing there’s someone who understands exactly what their business needs are, and who will go the extra mile to put them in place. Better yet, that someone is the same person, every time.”

But personal service is only half the equation that has made EPB Telecommunications successful thus far. Providing telecommunications services specifically designed for businesses utilizing between one and twenty-five lines, and making those services highly cost-effective in the process, is the other half. “Many of our larger competitors just don’t have the resources to cost-effectively serve customers with under twenty-five lines,” says Chapman. “That’s really been our niche so far, because there are so many businesses in Chattanooga that need this type of tailor-made service.”

“Addressing the needs of Chattanooga’s business community is one of the fundamental elements of our core business philosophy,” says EPB President Harold DePriest. “When we launched the

Telecommunications Division last year, we made a long-term commitment to better serve local businesses, and we have dedicated all of our available resources to building a sound telecommunications business that is strong enough and stable enough to grow with the needs of its customers.”

And according to Blair Carter, president of Carter Distributing, EPB’s demonstrated commitment to promoting local business played a significant role in his decision to switch to EPB Telecommunications. “EPB already had a superb reputation in Chattanooga,” he explains. “Few companies offer the same dedication to both community and customer service that EPB does, and that philosophy has carried over into their Telecommunications Division. When I’d call my previous provider, I’d usually get an answering service and rarely a return call. The EPB Telecommunications team came out immediately to assess our needs, designed our system and converted our service right on schedule, and their follow-up has been impeccable. The whole transition was seamless, and we are already witnessing a significant reduction in our telecommunications expenses.”

In addition to the acquisition of new customers, EPB Telecommunications’ growth is also due in large part to the continued expansion of existing clients. Over the past year, many existing customers have added an average of 1-2 lines, acquired Internet service through the company’s strategic alliance with Chattanooga Data Connection, or made even more significant service additions to their telecommunications networks. The secret, says Chapman, is maintaining a successful balance of product and service: “We keep a keen eye on what existing customers need for the growth of their own businesses. We try to anticipate those needs, then work to provide resources that exceed them. After all, as our customers grow their businesses, we grow ours.”

▲ Top



Telecommunications

Home

Intro

Services

Our People

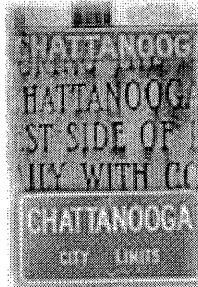
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advanced telephone, data and network
services for Chattanooga business...

Our Legacy



We were there on May 6, 1882; Chattanooga's first day ever with electric power. Twenty-five city streetlights were lit, and we became the south's first city with electric street lighting.

Now, Chattanooga has taken another great jump forward in technology. EPB Telecommunications has launched an extraordinarily powerful telecommunications network to serve the businesses of this city. This source for advanced voice and data services has all of the solid reliability, local accountability and community leadership of EPB, its parent division. Our plan is to be around for the next 118 years, too.

This advanced network benefits Chattanooga businesses and the community as a whole. Choosing EPB Telecommunications is choosing a much, much brighter future for our own city.

[Intro](#) | [Contact Us](#) | [Home](#)
[Services](#) | [Our People](#) | [Our Legacy](#) | [Our Customers](#)
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About Us

Mission

History

Future

Mission

EPB was founded to ensure the availability of reliable, low-cost electric power service for Chattanooga area residents, industry and businesses. But with deregulation around the corner, EPB is becoming more than a power company. We're becoming a powerful company--an innovative, progressive company you can depend on for a wide range of reliable, affordable services. But whether you have electric, telecommunications or other services from EPB, one thing will never change--the way we've always put the needs of our customers first. It's a way of doing business that's served us well for more than six decades--a philosophy which is, indeed, more current than ever.

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Development](#)[Contact Us](#)[Home](#)[Home Electric Power](#)[Business Electric Power](#)[Telecommunications](#)[Weather Watch](#)

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Current News

Employment

Community

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Welcome to EPB.

We're more than a power company, we're a powerful resource dedicated to providing the services you depend on most at work and at home. With over 156,000 customers and more than sixty years experience in providing reliable, low-cost electric power, we're one of the nation's largest publicly-owned utilities, and one of the fastest growing Telecommunications companies. What can we do for you today?

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our mission key facts what we do

our mission

The true currency of a communications company is ideas. Ideas that compel. That motivate. That build brands and business. By adhering to our creed of '**tenacity, simplicity and creativity**' we are dedicated to unearthing those insightful ideas which help our clients' businesses and brands prosper.